

Fiscal Estimate - 2009 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number 09-3607/1		Introduction Number SB-600	
Description Making companies that hire illegal aliens ineligible for certain tax exemptions, governmental contracts, grants, and loans, granting rule-making authority, and providing penalties			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		<input type="checkbox"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs			
<input checked="" type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input type="checkbox"/> Towns		<input type="checkbox"/> Village	
<input type="checkbox"/> Counties		<input type="checkbox"/> Others	
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.143 (1)a			
Agency/Prepared By		Authorized Signature	
COMM/ Julie Keal (608) 266-6748		Louie Cornelius (608) 266-8629	
		Date	
		3/18/2010	

Fiscal Estimate Narratives
COMM 3/18/2010

LRB Number	09-3607/1	Introduction Number	SB-600	Estimate Type	Original
Description Making companies that hire illegal aliens ineligible for certain tax exemptions, governmental contracts, grants, and loans, granting rule-making authority, and providing penalties					

Assumptions Used in Arriving at Fiscal Estimate

Under this bill, any company which has hired illegal aliens is, for a period of 7 years, ineligible to: 1) receive any income or franchise tax credit or property tax exemption; 2) enter into a contract with the state or a local government unit for the construction, remodeling, or repair of a public work or building, or for the furnishing of supplies, services, equipment, or material of any kind; and 3) receive any grants or loans from a local government unit. The sanctions begin with the year the company is subject to sanctions under federal law. Any company that has hired an illegal alien is subject to a fine of not more than \$10,000 per illegal alien.

The Department is authorized to promulgate rules and implement the provisions in this bill. In developing the rules and procedures for implementing these regulatory responsibilities, the Department will be dealing with a significant number of businesses and contracts. Currently, the state's vendor database contains over 72,000 for profit businesses and the state building program utilizes about 500 firms. In addition to bids or request for proposals, the state procures over \$115 million annually for materials, fuel and minor equipment through procurement credit cards. Commerce will also be responsible for implementing this provision for contracts, and for grants and loans made by local governments. There are approximately 1,924 local governments in Wisconsin comprised of cities, villages, towns and counties. It is not possible to determine the number of contracts, grants and loans which they enter into, although it will require resources to track each local government and the contracts they enter into.

As part of these regulatory responsibilities, the law provides for enforcement provisions, which include the imposition of fines and penalties. The Department will need to develop a system to identify companies that are not adhering to the law and ensure companies are not employing illegal aliens. The details of implementation will be fully addressed in the administrative rules. The Department will need additional resources to develop rules and implementing the program, including tracking companies and maintaining a database.

In order to implement this program, the Department will need 1.0 FTE community service specialist. The annualized costs for an entry level community service specialist, which are detailed below, are \$52,800. In addition, one-time costs of \$4,500 will be needed for the employee's workspace.

Salary + Fringe: \$48,800
Supplies and Services: \$4,000
One-time Costs: \$4,500

1 FTE Staff Costs: \$57,300

This bill deals with the hiring of illegal aliens. At this point, it is impossible to determine the number of companies that will be impacted by the specific provisions in this bill. Nonetheless, it is likely the Department will need to build a database. If a significant amount of companies are affected by this new law, the Department may need additional resources at a later date to develop a more comprehensive database.

Local Fiscal Effect -- the bill states that any company that has hired an illegal alien shall not, for 7 years, receive any grants or loans from a local unit of government or enter into a public contract with a unit of local government. Local governments may incur costs in determining the status of relevant employees of businesses, but Commerce cannot at this time determine what those costs would entail.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

☒ Original
 ☐ Updated
 ☐ Corrected
 ☐ Supplemental

LRB Number 09-3607/1	Introduction Number SB-600	
Description Making companies that hire illegal aliens ineligible for certain tax exemptions, governmental contracts, grants, and loans, granting rule-making authority, and providing penalties		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$4,500		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$48,800	
(FTE Position Changes)	(1.0 FTE)	
State Operations - Other Costs	4,000	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$52,800	
B. State Costs by Source of Funds		
GPR	52,800	
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev Decreased Rev	
GPR Taxes	\$	
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	
NET ANNUALIZED FISCAL IMPACT		
	State Local	
NET CHANGE IN COSTS	\$52,800	
NET CHANGE IN REVENUE	\$	
Agency/Prepared By Authorized Signature Date		
COMM/ Julie Keal (608) 266-6748	Louie Cornelius (608) 266-8629	3/18/2010

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Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect			
<input checked="" type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input type="checkbox"/> Yes <input type="checkbox"/> No	
		<input type="checkbox"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs			
<input checked="" type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities			
<input type="checkbox"/> Counties <input type="checkbox"/> Others			
<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts			
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
Agency/Prepared By		Authorized Signature	
DOA/ Dawn Soletski (608) 266-6497		Martha Kerner (608) 266-1359	
		Date	
		3/25/2010	

Fiscal Estimate Narratives

DOA 3/25/2010

LRB Number	09-3607/1	Introduction Number	SB-600	Estimate Type	Original
Description Making companies that hire illegal aliens ineligible for certain tax exemptions, governmental contracts, grants, and loans, granting rule-making authority, and providing penalties					

Assumptions Used in Arriving at Fiscal Estimate

If enacted, this bill prohibits companies that hire illegal aliens from entering into contracts with state agencies for the purchase of materials, supplies, equipment, contractual services, engineering, architectural services or construction work for a period of 7 years.

The bill directs the Department of Commerce to promulgate rules and provide penalties for such companies that hire illegal aliens in this state. The Department of Commerce will also promulgate rules to direct the Department of Administration (DOA) regarding the implementation and administration of Section 7 of the bill. Section 7, in part, relates to state agencies entering into contracts with companies for the purchase of materials, supplies, equipment, contractual services, engineering, architectural services or construction work. Until such a time as administrative rules are enacted, DOA is unable to calculate the full fiscal impact of the bill. Therefore, the fiscal estimate is indeterminate.

The local fiscal estimate for this bill is similar, in that rules for implementation and administration would need to be enacted by the Department of Commerce before the local fiscal effect could be established.

Long-Range Fiscal Implications

Unknown.

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Description Making companies that hire illegal aliens ineligible for certain tax exemptions, governmental contracts, grants, and loans, granting rule-making authority, and providing penalties		
Fiscal Effect State: <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations </div> <div style="width: 33%;"> <input checked="" type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues </div> <div style="width: 33%;"> <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs </div> </div> Local: <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input checked="" type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div style="width: 33%;"> 5. Types of Local Government Units Affected <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> Towns <input type="checkbox"/> Counties <input type="checkbox"/> School Districts </div> <div style="width: 33%;"> <input type="checkbox"/> Village <input type="checkbox"/> Others <input type="checkbox"/> WTCS Districts </div> <div style="width: 33%;"> <input type="checkbox"/> Cities </div> </div> </div> </div>		
<div style="display: flex; justify-content: space-between;"> <div> Fund Sources Affected <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS </div> <div> Affected Ch. 20 Appropriations </div> </div>		
Agency/Prepared By DOR/ Michael Oakleaf (608) 261-5173	Authorized Signature Rebecca Boldt (608) 266-6785	Date 3/18/2010

Fiscal Estimate Narratives

DOR 3/18/2010

LRB Number	09-3607/1	Introduction Number	SB-600	Estimate Type	Original
Description Making companies that hire illegal aliens ineligible for certain tax exemptions, governmental contracts, grants, and loans, granting rule-making authority, and providing penalties					

Assumptions Used in Arriving at Fiscal Estimate

Under the bill, any company that hires an illegal alien is, for a period of seven years, ineligible to receive any property tax exemption under Chapter 70 or any income or franchise tax credit under Chapter 71. Companies that hire an illegal alien would also be barred for a period of seven years from contracting with state agencies or local governments for supplies, services, construction, or repairs, and would be barred from receiving any grants or loans from local governmental units for a period of seven years. Additionally, a company that hires an illegal alien would be subject to a fine of \$10,000 for each illegal alien the company hires.

Fiscal Estimate

While denying income and franchise tax credits would in general increase revenue, data is not available to estimate the fiscal effect of this proposal. Any denial of a property tax exemption would result in a property tax shift from other taxpayers to the affected entities. The Department is unable to determine which businesses would hire illegal aliens. As a result, the Department cannot determine the fiscal effect of denying tax credits or property tax exemptions to those businesses for seven years.

Long-Range Fiscal Implications

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Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	State	Local
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$See Text	\$
Agency/Prepared By	Authorized Signature	Date
DOR/ Michael Oakleaf (608) 261-5173	Rebecca Boldt (608) 266-6785	3/18/2010